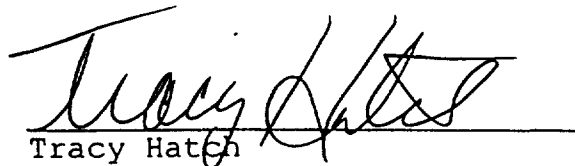


9. AT&T will accept the prices for stand-alone UNEs already established pending negotiations to determine prices for UNE combinations necessary to avoid duplicate charges. BellSouth's refusal to provide UNEs at the individual prices established by the Commission is a direct violation of Orders Nos. 96-1579, 97-0289 and 97-0600. If allowed to continue, BellSouth's actions will give it an unfair advantage, impede AT&T's ability to compete for local customers, and thereby stifle the full and fair competition that is the Commission's objective.

WHEREFORE, based on the foregoing, AT&T requests that the Commission determine that BellSouth's refusal to provide UNEs at existing UNE prices and its refusal to record and provide the data associated with the use of UNEs to AT&T violates the Commission's arbitration decisions. AT&T further requests that the Commission direct BellSouth to provide UNEs at the ordered UNE prices pending the culmination of the current negotiations to avoid duplication of charges when UNEs are combined. AT&T also requests the Commission to direct BellSouth to complete UNE testing, including the recording and provisioning of the appropriate data associated with each UNE utilized in each of the call types made by customers receiving service through UNEs. Finally, AT&T requests any other relief determined appropriate by the Commission.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Tracy Hatch", written over a horizontal line.

Tracy Hatch
101 North Monroe
Suite 700
Tallahassee, Florida 32301
(904) 425-6364 (phone)
(904) 425-6361 (fax)

ATTORNEY FOR AT&T
COMMUNICATIONS OF THE
SOUTHERN STATES, INC.

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AGREEMENT FOR CONCEPT TESTING

WHEREAS, AT&T intends to enter the local telecommunications market in Florida; and

WHEREAS, prior to entering the local market, BellSouth and AT&T wish to engage in the testing of agreed upon operational interfaces and business procedures for the purchase of unbundled network elements ("Concept Testing"); and

WHEREAS, BellSouth and AT&T desire to begin Concept Testing on or about April 16, 1997; and

WHEREAS, the Florida Public Service Commission is not expected to resolve remaining disputes regarding the arbitrated Interconnection Agreement until May 6, 1997;

NOW, THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, AT&T and BellSouth hereby agree as follows:

(1) Concept Testing will commence on or about April 16, 1997, and will last sixty (60) to ninety (90) days. The parties may mutually agree to extend Concept Testing as deemed necessary by the parties.

(2) Concept Testing will be limited to residential and business telecommunications services for approximately 25 end users, all of whom are employees of AT&T. The telecommunications services and/or facilities included in Concept Testing shall be limited to those end users residing in Florida.

(3) Concept Testing is solely intended to provide BellSouth and AT&T with on-line experience with the performance of the operational interfaces and business procedures developed by the parties. Both parties acknowledge that there may be technical, procedural or functional irregularities during Concept Testing. Except as specified in Section 5 below AT&T and BellSouth, including their respective employees, agree that neither party shall incur liability for any irregularities that may occur during or as a result of Concept Testing.

(4) BellSouth will bill AT&T for the services purchased by AT&T during Concept Testing at the rates set forth in the Florida Public Service Commission's order in Docket No. 960833-TP. BellSouth and AT&T shall conduct Concept Testing as to terms and conditions and restrictions within the parameters ordered by the Commission in Docket No. 960833-TP. This Agreement For Concept Testing shall be superseded by the Interconnection Agreement between the

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NO. 013 000

parties once the remaining areas of dispute are resolved by the Florida Public Service Commission.

(5) NEITHER AT&T NOR BELL SOUTH SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, RELIANCE, OR SPECIAL DAMAGES SUFFERED BY SUCH OTHER PARTY (INCLUDING WITHOUT LIMITATION DAMAGES FOR HARM TO BUSINESS, LOST REVENUES, LOST SAVINGS, OR LOST PROFITS SUFFERED BY SUCH OTHER PARTIES), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT WARRANTY, STRICT LIABILITY, OR TORT, INCLUDING WITHOUT LIMITATION NEGLIGENCE OF ANY KIND WHETHER ACTIVE OR PASSIVE, AND REGARDLESS OF WHETHER THE PARTIES KNOW OF THE POSSIBILITY THAT SUCH DAMAGES COULD RESULT: EACH PARTY HEREBY RELEASES THE OTHER PARTY AND SUCH OTHER PARTY'S SUBSIDIARIES AND AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY SUCH CLAIM. Nothing in this Section 5 shall limit BellSouth's or AT&T's liability to the other (i) in tort for its willful or intentional misconduct; (ii) for bodily injury or death proximately caused by such party's negligence; (iii) wrongful disclosure of confidential information in violation of Section 6 of this Agreement; or (iv) violations of applicable laws of regulation, including orders of the Florida Public Service Commission.

(6) Confidentiality and Proprietary Information

For the purposes of this Agreement, "Confidential Information" means confidential or proprietary technical or business information given by the Discloser to the Recipient. All information which is disclosed by one Party to the other in connection with this Agreement shall automatically be deemed proprietary to the Discloser and subject to this Agreement, unless otherwise confirmed in writing by the Discloser. In addition, by way of example and not limitation, all orders for Services and Elements, and usage data transmitted between the parties, placed by AT&T pursuant to this Agreement, and information that would constitute Customer Proprietary Network Information pursuant to the Act and the rules and regulations of the Federal Communications Commission, whether disclosed by AT&T to BellSouth or otherwise acquired by BellSouth in the course of the performance of this Agreement, shall be deemed Confidential Information of AT&T for all purposes under this Agreement.

For a period of five (5) years from the receipt of Confidential Information from the Discloser, except as otherwise specified in this Agreement, the Recipient agrees (a) to use it only for the purpose of performing under this Agreement, (b) to hold it in confidence and disclose it to no one other than its employees having a need to know for the purpose of performing under this Agreement, and (c) to safeguard it from unauthorized use or disclosure with at

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least the same degree of care with which the Recipient safeguards its own Confidential Information. If the Recipient wishes to disclose the Discloser's Confidential Information to a third Party agent or consultant, the agent or consultant must have executed a written agreement of non-disclosure and non-use comparable in scope to the terms of this Section.

The Recipient may make copies of Confidential Information only as reasonably necessary to perform its obligations under this Agreement. All such copies shall bear the same copyright and proprietary rights notices as are contained on the original. The Recipient agrees to return all Confidential Information in tangible form received from the Discloser, including any copies made by the Recipient, within thirty (30) days after a written request is delivered to the Recipient, or to destroy all such Confidential Information, except for Confidential Information that the Recipient reasonably requires to perform its obligations under this Agreement. If either Party loses or makes an unauthorized disclosure of the other Party's Confidential Information, it shall notify such other Party immediately and use reasonable efforts to retrieve the lost or wrongfully disclosed information.

The Recipient shall have no obligation to safeguard Confidential Information (a) which was in the possession of the Recipient free of restriction prior to its receipt from the Discloser; (b) after it becomes publicly known or available through no breach of this Agreement by the Recipient; (c) after it is rightfully acquired by the Recipient free of restrictions on its disclosure; or (d) after it is independently developed by personnel of the Recipient to whom the Discloser's Confidential Information had not been previously disclosed. In addition, either Party shall have the right to disclose Confidential Information to any mediator, arbitrator, state or federal regulatory body, the Department of Justice or any court in the conduct of any mediation, arbitration or approval of this Agreement or in any proceedings concerning the provision of interLATA services by BellSouth that are or may be required by the Act. Additionally, the Recipient may disclose Confidential Information if so required by law, a court, or governmental agency, so long as the Discloser has been notified of the requirement promptly after the Recipient becomes aware of the requirement. In all cases, the Recipient must undertake all lawful measures to avoid disclosing such information until Discloser has had reasonable time to seek and comply with a protective order that covers the Confidential Information to be disclosed.

Each Party's obligations to safeguard Confidential Information disclosed prior to expiration or termination of this Agreement shall survive such expiration or termination. Except as otherwise expressly provided elsewhere in this Agreement, no license is hereby granted under any patent, trademark, or copyright, nor is any such license implied solely by virtue of the disclosure of any Confidential Information. Each Party agrees that the Discloser would be irreparably injured by a breach of this Agreement by the Recipient or its

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representatives and that the Discloser shall be entitled to seek suitable relief, including injunctive relief and specific performance. In the event of any breach of the provisions of this Agreement. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement, but shall be in addition to all other remedies available at law or in equity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives on the date indicated below

AT&T COMMUNICATIONS OF
THE SOUTHERN STATES, INC.

BY

DATE

04/17/97

BELLSOUTH
TELECOMMUNICATIONS, INC.

BY

DATE

04/17/97

ATTACHMENT 13



A. J. Calabrese
LIAM Vice President
Southern States

Room 10144
1200 Peachtree St.
Atlanta, GA 30309
404 810-4575
FAX: 404 810-4403

May 23, 1997

Mr. Mark Feldler, President
BellSouth Interconnection Services
4511 BellSouth Center
675 West Peachtree Street
Atlanta, GA 30375

Dear Mark:

I am writing you to obtain BellSouth's position on billing Unbundled Network Elements (UNE). My understanding is that during the UNE billing meeting on May 15, 1997, between AT&T and BellSouth, Mario Soto voiced a position on UNE billing elements, including transport, switching, and access, not expressed in previous meetings. Mr. Soto reportedly stated that BellSouth will treat and bill UNE-P orders as Local Service Resale, including the billing and payment of access charges for InterLATA and IntraLATA toll calls in all BellSouth states, except Kentucky. If we understood Mr. Soto, this position is a significant departure from both the substance and tone of our UNE discussions thus far, specifically, at our recent April 30, 1997, meeting and in previous meetings between AT&T and BellSouth SMEs to discuss UNE IRT. Indeed, BellSouth agreed that Florida would be a good state to conduct UNE test call scenarios since those scenarios could arise there; yet now, Mr. Soto's view would limit our ability to test all scenarios, including receiving all billing by elements.

There has been considerable dialogue with BellSouth this week attempting to understand the position put forth by BellSouth. I have contacted Quinton Sanders and he initially stated he thought there was a misunderstanding, and that he wanted to ensure we were not talking past each other. I, too, want to make sure we are not talking past each other. To this point, I believe it best to simply ask you to provide BellSouth's position, in writing, including variance by state, on Unbundled Network Element level billing: including local, IntraLATA, InterLATA, and Interstate Carrier Billing and describe the billing

- 2 -

information, by element, that BellSouth will send to AT&T. Specifically, AT&T needs to know BellSouth's answer regarding the following questions and the supporting rationale on a state specific basis:

1. When AT&T orders UNE-P, what will BellSouth bill for:
 - Local Calls, Intra-Switch?
 - Local Calls, Inter-Switch?
 - Toll Calls, IntraLATA?
 - Toll Calls, Intrastate (InterLATA)?
 - Toll Calls, Interstate (InterLATA)?
2. When AT&T provides services through UNE-P, what information is BellSouth recording and sending AT&T?
3. When AT&T provides services through UNE-P, what will the UNE bill contain: format, elements, BAN, etc.?

Mark, we've been able to achieve some real optimism regarding improved BellSouth/AT&T teamwork as we work together on traditional access. I remain hopeful that we can get to a more stable business relationship on local services as well. One thing is for sure - we need to be straightforward in our communication to achieve mutual success.

This is such a critical issue to AT&T's market entry plans that we need to have a very clear understanding of BellSouth's position and the rationale behind the position, in writing, by May 28, 1997.

Sincerely,



A. J. Calabrese

cc: Jim Carroll
Charlie Coe
Reed Harrison
Pam Nelson
Quinton Sanders

ATTACHMENT 14



BellSouth Telecommunications, Inc. 404 527-7830
Suite 4611 Fax 404 521-2311
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Mort L. Feldler
President - Interconnection Services

May 29, 1997

Mr. A. J. Catabrese
LIAM Vice President
AT&T
Room 10144
1200 Peachtree St.
Atlanta, GA 30309

Dear Al:

This is in response to your letter dated May 23, 1997, regarding your request that BellSouth provide information concerning billing for Unbundled Network Elements (UNE).

The State Commissions in the BellSouth region, with the exception of Kentucky¹, have ruled that the recombination of network elements for the purpose of providing a service, which is essentially the equivalent of an existing BellSouth retail service, should be priced and treated as a resold retail service and not as the simple combination of two or more unbundled network elements. What AT&T refers to as "UNE-Ps", as we understand it, are recombinations of elements which equate to existing retail services and, therefore, should be priced and treated in those states as resold retail services. Our response to your letter is predicated on that understanding.

We understand that AT&T has appealed several of these rulings, and in fact, we have appealed the Kentucky ruling touching on this subject. Therefore, the answers we give you at the present time have to be taken with the understanding that what we say is predicated on our understanding of the law as it applies today, which may, of necessity, be modified as things change and evolve in the courts, at the FCC and in front of the state commissions. We say this because we fully intend to comply with the law and all applicable orders and regulations, as well as any pronouncements having the force and effect of law, and we recognize, and expect that you recognize, that subsequent events may affect our current positions.

Subject to the foregoing, attached is a matrix which restates AT&T's questions and provides BellSouth's positions on each issue. Of course, our responses are based on our understanding of the "services," such as "local calls, intra-switch," which you have attempted to identify in your letter. We are certainly willing, however, to conduct further discussions with you on these matters should it appear, from our response, that we have misapprehended your specific question.

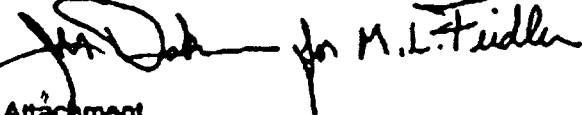
¹ We acknowledge that there is also a question about the status of this issue in Florida. The Florida Public Service Commission evidently feels that it has not yet ruled on the pricing for recombined UNEs that are the cascaded equivalent of BellSouth's retail services. Until this is resolved we intend to treat requests for recombined UNEs which will substantially replicate existing retail services in the same manner as such requests received in our states other than Kentucky.

Mr. A. J. Calabrese
May 29, 1997
Page 2

I trust that this letter provides you with the information desired to clarify BellSouth's position regarding UNEs. BellSouth wishes to continue to work with AT&T to clearly communicate information in the most effective manner possible.

Quinton Sanders (770-492-7560) or Terrie Hudson (770-492-7590) are available to provide additional information to you and your staff.

Sincerely,

 for M.L. Fidler

Attachment

MATRIX

1. When AT&T orders UNE-P, what will BellSouth bill for:

- Local Calls, Intra-Switch?
- Local Calls, Inter-Switch?
- Toll Calls, IntraLATA?
- Toll Calls, Intrastate (InterLATA)?
- Toll Calls, Interstate (InterLATA)?

	All BST states Except Kentucky	Kentucky
Local Calls, Intra-Switch	BST will bill AT&T discounted flat rate local service	BST will bill AT&T for each UNE utilized
Local Calls, Inter-Switch	BST will bill AT&T discounted flat rate local service	BST will bill AT&T for each UNE utilized
Toll Calls, IntraLATA*	BST will bill AT&T discounted IntraLATA Toll	BST will bill AT&T discounted IntraLATA Toll
Toll Calls, Intrastate (InterLATA)**	BST will bill the IXC access	BST will bill the IXC access
Toll Calls, Interstate (InterLATA)**	BST will bill the IXC access	BST will apply appropriate UNE usage charges

2. When AT&T provides services through UNE-P, what information is BellSouth recording and sending AT&T?

	All BST states Except Kentucky	Kentucky
Local Calls, Intra-Switch & Local Calls, Inter-Switch	BST will not record and send records for originating local calls.	BST will record and send records for originating local calls.
Toll Calls, IntraLATA*	BST will record and send records for toll calls.	BST will record and send records for toll calls
Toll Calls, Intrastate (InterLATA)**	BST will record and bill access consistent with what BST does today	BST will record and bill access consistent with what BST does today
Toll Calls, Interstate (InterLATA)**	BST will record and bill access consistent with what BST does today	BST will record and bill appropriate UNE usage charges

3. When AT&T provides services through UNE-P, what will the UNE bill contain: format, elements, BAN, etc.?

	All BST states Except Kentucky	Kentucky
Local Calls, Intra-Switch & Local Calls, Inter-Switch	BST will bill AT&T in a CRIS format until CABS formats are developed and implemented.	BST will bill AT&T UNE in a CRIS format until CABS formats are developed and implemented.
Toll Calls, IntraLATA*	BST will bill AT&T in a CRIS format until CABS formats are developed and implemented.	BST will bill AT&T in a CRIS format until CABS formats are developed and implemented.
Toll Calls, Intrastate (InterLATA)**	BST will bill the IXC access using existing CABS formats.	BST will bill the IXC access using existing CABS formats.
Toll Calls, Interstate (InterLATA)**	BST will bill the IXC access using existing CABS formats.	BST will bill IXC UNE in a CRIS format until CABS formats are developed and implemented.

* This assumes that AT&T is using BST resold IntraLATA toll.

** Positions may change as a result of Federal Court Appeals, Stays, and/or applicable Commissions' Orders.

ATTACHMENT 15

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(17)

BellSouth Interconnection Services 770 492-7500
Suite 410 Fax 770 621-0629
1960 West Exchange Place
Tucker, Georgia 30084

Quinton E. Sanders
Senior Director -
AT&T Regional Account Team

June 9, 1997

Mr. A. J. Calabrese
LIAM Vice President
Southern States
AT&T Room 10144
1200 Peachtree Street
Atlanta, GA 30309

Dear Al:

As discussed in our conversation earlier today, we will continue testing in Florida for Unbundled Network Elements (UNE) ordering and billing. It should be noted however that our position continues to be . . . "the pricing for recombined UNEs are the essential equivalent of BellSouth's retail services and we will treat requests for recombined UNEs in the same manner as requests for similar retail services".

Al, we are glad we can move forward with testing in Florida. If you have any questions, please call.

Sincerely,



ATTACHMENT 16

(33)

VIA Facsimile and U.S. Mail

June 10, 1997

William J. Carroll
AT&T of the Southern States
Suite 4170
1200 Peachtree St., NE
Atlanta, GA 30309

Dear Jim:

As you probably know by now, BellSouth executed AT&T's proposed Interconnection Agreement and filed it on June 10, 1997 for approval by the Commission. As you also know, there are two open issues relating to Section 36.1 of the Agreement, Charges for Multiple Network Elements, in need of further negotiation and resolution.

One, under the Agreement, the parties are to negotiate the total non-recurring and recurring charge(s) to be paid by AT&T when ordering Multiple Network Elements. Two, the Commission stated in its Order of March 19, 1997 that it has not ruled on the appropriate rate to be charged for unbundled network elements that are recombined to replicate an existing BellSouth retail service. I believe that we should turn our attention to both of these pricing issues as soon as possible.

As to this second issue, the Commission noted that it is unclear from the record whether its decision "included rates for all elements necessary to recreate a complete retail service" (p. 7). At the same time, the Commission stated that it would be concerned if the recombination of network elements is used to undercut resale service prices. Of course, you and I are both aware that (the state of the hearing record notwithstanding) AT&T does now have, once the agreement is approved, the means to order UNEs that can be rebundled to replicate BellSouth's retail services. In fact, AT&T is proposing to test the UNE platform, including the ordering, provisioning and billing of combinations, in Florida. Also, I understand that AT&T has told us, at least informally, that it intends exclusively to purchase unbundled network elements, and not resell BellSouth's services. Given this, I am sure that AT&T is as eager as BellSouth to resolve this issue. Further, if we are unable to reach an agreement, it is in the best interests of both companies to bring the issue before the Commission as soon as possible.

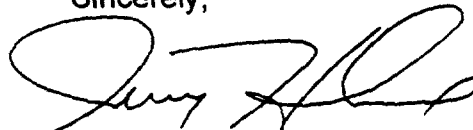
I propose that we meet at the earliest time that is convenient for you, or the appropriate persons for AT&T, to discuss this matter. In order to get the ball rolling, I

will say that BellSouth shares the Commission's concerns. Thus, we propose that the price for a service that is constructed by recombining UNEs be the same as the retail price of the service minus the applicable discount. It might be useful to know your position on this issue before we sit down to talk.

Lastly, turning to another issue, I was surprised when I read the content of Pam Nelson's May 30, 1997 letter to me regarding the access to customer service records issue. In the numerous meetings I have attended regarding the issues of access to customer records and performance measurements, I never heard any significant opposition, other than BellSouth's proposal to access AT&T's database for the same information, to BellSouth's plans for access to customer records. BellSouth has always agreed that the permanent interface would operate differently than the LENS system and that the specifications on the access to customer records would be worked out between the companies pursuant to Attachment 15 of the interconnection agreements. Specifically, regarding the issue of the data elements, Jim Childress singled out that aspect of BellSouth's plan and gained concurrence from AT&T. AT&T's position, that it should have access to whatever information is contained in the CSR, is contrary to AT&T's representations during our discussions and is contrary to section 5.2 of Attachment 4 of the interconnection agreements executed between BellSouth and AT&T.

At any rate, I look forward to hearing from you, and setting up a meeting soon.

Sincerely,



Jerry Hendrix

cc: Greg Follensbee
Pam Nelson
Scott Schaefer
Mary Jo Peed
David Eppsteiner

ATTACHMENT 17

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BELL SOUTH

BellSouth Telecommunications, Inc. 404 527-7030
Suite 4514 Fax 404 534-1537
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

Charles B. Cox
Group President - Customer Operations

July 10, 1997

Mr. William J. Carroll
Vice President - AT&T
1200 Peachtree St., NE
Room 4170
Atlanta, GA 30309

Dear Jim,

This letter is in response to yours addressed to me dated June 13, 1997, concerning the pricing of Unbundled Network Elements. Your letter displays what appears to be a basic and substantial misunderstanding of Mark Feldler's letter of May 29, 1997.

First, BellSouth's May 29 letter does not reverse previous positions taken by BellSouth. Indeed, it does not even address testing of UNEs either in Florida or in Kentucky. BellSouth's position is and has been that it will cooperate in testing UNEs with AT&T. This includes testing in Florida and Kentucky. BellSouth has not refused to test UNEs with AT&T, and quite frankly I am not sure how you arrived at your mistaken conclusion that it had. It certainly cannot be based on any letter from BellSouth or your conversations with me. To the contrary, both Mark Feldler and Quinton Sanders spoke with Al Calabrese of AT&T within a few days of this question arising and assured him that we would continue UNE testing in Florida.

Second, while it is obvious that we disagree on the pricing of UNEs, BellSouth has not in any way denied that in Florida UNEs can be combined in any technically feasible manner. It should be readily apparent to anyone, however, that the technical feasibility of UNE combinations and their pricing are two completely different issues. With regard to the pricing of UNE combinations, the Florida Public Service Commission stated in PSC-97-0928-FDF-TP at pages 9 and 10 that it had set rates "only for the specific unbundled elements that the parties requested." The PSC went on to observe that it "would be very concerned if recombining network elements to recreate a service could be used to undercut the resale price of the service." Thus the FPSC does not seem to agree with AT&T regarding the pricing of recombined UNEs.

As information, BellSouth has adopted the following guidelines based upon the current state rulings and decisions. UNEs can be combined in any manner that is technically feasible. In every state but Kentucky, if two or more UNEs are combined by AT&T in a manner that produces essentially the equivalent of an existing retail service, then the combination will be priced, provisioned, maintained, and otherwise treated as a resold retail service with an indicator that this service was ordered as a UNE combination. In Kentucky, UNE combination orders, irrespective of whether such recombinations constitute the equivalent of an existing retail service, will be priced, provisioned, maintained, and otherwise treated as UNEs.

Mr. William J. Carroll
July 10, 1997
Page 2

I would note, in addition, that AT&T has not provided BellSouth with any specific information outlining the combinations of UNEs that AT&T expects to be ordering as a result of the Florida Arbitration Order. BellSouth is pursuing, initially in Kentucky, the product development of the following combinations of UNEs -- 2-wire analog loop with a 2-wire analog port (residence or business), 2-wire analog loop with a 2-wire analog PBX port, and a 2-wire analog loop with 2-wire analog PBX port with DID -- in an attempt to anticipate, and therefore, facilitate the availability of the combinations to AT&T. For UNE combinations other than these, BellSouth will either treat the combination as separate UNE orders or develop the capability to treat them as a new UNE combination product at the request of AT&T through the bona fide request process.

Also, let me address briefly your continued allegations concerning BellSouth's supposed delay of AT&T's entry into the local market. BellSouth has worked cooperatively with AT&T over many months in negotiating contracts with AT&T and in testing and implementing service. It is not the case that good faith differences in interpretations of the Telecommunications Act and various regulatory rulings between BellSouth and AT&T are indicative of any desire on BellSouth's part to delay AT&T's entry into local markets. The relationship between AT&T and BellSouth is a mature one which BellSouth values very much and BellSouth takes its responsibility for AT&T as its customer very seriously. I am disappointed that AT&T has misconstrued what seems to me to be differences of opinion and good faith efforts to negotiate mutually agreeable solutions as efforts to delay AT&T's business plans. That simply is not an accurate assessment of BellSouth's intentions or actions.

As we discussed yesterday, BellSouth Telecommunications ("BST") has recently announced an internal reorganization which is designed to better align BST's operations with the changed local telecommunications environment and to better meet the needs of CLEC customers like AT&T. As a result of this reorganization, I now will be focused on the retail business units of BST, and no longer have responsibility for the Inter-connection Services unit. Accordingly, I think future correspondence of this nature should be directed to Mark Feidler, and you should look to Mark for senior level attention to the resolution of these types of matters.

Sincerely,

Charlie

ATTACHMENT 18

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106

William J. (Jim) Carroll
Vice President

Room 4170
1200 Peachtree St., NE
Atlanta, GA 30309
404 810-7282

August 1, 1997

Via Facsimile and U.S. Mail

Mr. Duane Ackerman
Vice Chairman of the Board and Chief Operating Officer
BellSouth Telecommunications, Inc.
1155 Peachtree St., Suite 2010, N.E.
Atlanta, GA 30309

Dear Duane:

This letter responds to Charlie Coe's July 10, 1997, letter (Attachment 1) responding to my June 13, 1997, letter (Attachment 2).

Normally, I would not provide you with the level of detail contained in this letter. However, I am contacting you because I believe the positions articulated by Mr. Coe are illustrative of positions BellSouth has taken that have contributed significantly to the delays AT&T has encountered in entering the local market. Indeed, AT&T's delays in entering the local market have not been driven by AT&T's purported desire to keep BellSouth out of the long distance market, as you so publicly assert, but instead result from BellSouth's own actions and inactions.

In his July 10th letter, Mr. Coe claims that AT&T has misunderstood BellSouth's position on testing of Unbundled Network Elements ("UNEs") in Florida. Mr. Coe's response does little to clarify the mixed messages AT&T has received from BellSouth on this issue. On one hand, Mr. Coe states BellSouth "will cooperate in testing UNEs with AT&T." On the other hand, he states that in all states but Kentucky, any UNE combination "that produces essentially the equivalent of an existing retail service... will be priced, provisioned, maintained and otherwise treated as a resold service...."

It is clear that BellSouth is now alleging that it failed to appreciate that AT&T intended that testing in Florida to be comprehensive, including testing of systems related to billing and usage and use of the UNE rates, despite the clear language in the Florida UNE testing agreement which AT&T and BellSouth executed.

Mr. Duane Ackerman
August 1, 1997
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According to Mr. Coe, BellSouth is willing only to provide on the bill an indicator that UNEs were ordered as a UNE combination and not at UNE rates. If this is the case, the UNE testing in Florida will be UNE testing in name only because BellSouth calls it UNE testing and not because UNE testing actually is taking place. AT&T can only view BellSouth's position as a misguided step backwards from the Florida Commission's Order and our Florida UNE testing agreement to test not only "technical feasibility" of UNE combinations, but all operational interfaces and business procedures for providing service via UNE.

Additionally, contrary to Mr. Coe's assertions, on several occasions AT&T has provided BellSouth specific information on UNE combinations. As early as June and July, 1996, AT&T's Ray Crafton shared with BellSouth's Scott Schaefer the UNE combinations AT&T required and the timing for the availability of such combinations. Mr. Crafton reiterated this information earlier this year in discussions with BellSouth's Mark Feidler. Further, AT&T's Jim Hill provided information on the combinations to be tested in Florida to BellSouth's Jerry Hendrix in May, 1997. Given this history, BellSouth's feigned lack of information is nothing more than a lame excuse for inexcusable delay.

Moreover, contrary to BellSouth's claims, AT&T's position on the pricing of UNE's is fully consistent with and supported by the Florida Commission's decisions. As outlined in AT&T's Motion to Compel Compliance filed June 9, 1997, the Commission three times has rejected BellSouth's argument that a combination of UNE's that replicated a BellSouth service be priced as though it were a resold service. Indeed, BellSouth reliance on the Commission's purported "concern", as quoted in Mr. Coe's letter, subsequently was rejected by the Commission when the Commission refused to add any "concern" language to the Interconnection Agreement between AT&T and BellSouth.

Additionally, AT&T's position on this issue was most recently upheld by the United States Court of Appeals for the Eighth Circuit. In its July 18, 1997, opinion, the Court clearly rejected all of the LEC arguments that carriers should not be permitted to purchase at cost-based prices combinations of Network Elements that are similar or equivalent to LEC services available for resale.

Equally misguided are the "guidelines based on current state ruling and decisions" outlined in Mr. Coe's letter. Not only is BellSouth incorrect in its reading of the Commission's decision in Florida, but BellSouth attempts to limit the combinations AT&T can order in Kentucky. Neither the agreed upon language for our interconnection agreement, nor the Kentucky Order allows BellSouth to limit the availability of UNE combinations and require AT&T to utilize the bona fide request process for others as BellSouth asserts. Under our